

May 31, 2019

A statement from the Community Financial Services Association of America's CEO, Dennis Shaul, in response to ProPublica and WNYC's questions:

"CFSA held its first annual conference at the Doral more than 16 years ago, and we returned because the venue is popular with our members and meets our needs. The annual conference is an opportunity for our members to gather and discuss how we can best continue to serve customers and provide access to credit in an evolving policy landscape, particularly in the wake of the Bureau's 2017 small-dollar lending rule.

"The CFPB's original rule, as written by unelected Washington bureaucrats, was motivated by a deeply paternalistic view that small-dollar loan customers cannot be trusted with the freedom to make their own financial decisions. The original rule stood to remove access to legal, licensed small-dollar loans for millions of Americans. In fact, the Bureau's own [simulations](#) of the rule predicted that storefront short-term small-dollar loan volume would fall by up to 84 percent. Another analysis found that the rule would push a staggering [82 percent](#) of small storefront lenders to close. The lack of consideration for the impact on small businesses even led the Obama's administration's U.S. Small Business Administration to [soundly criticize](#) the rule, and called on the Bureau to go back to the drawing board.

"Small-dollar, storefront lenders are often located in communities that are underserved with respect to credit or are rural communities. If these small businesses were to close under the rule, millions of Americans would be forced to seek out dangerous alternatives such as unscrupulous, unlicensed, offshore or illegal lenders. Meanwhile, CFSA members abide by a strict set of [15 mandatory Best Practices](#) to hold themselves to a higher standard of responsible lending and help customers make informed financial decisions. Last year, CFSA modernized its Best Practices to further enhance consumer protections and address the evolving credit needs of small-dollar loan customers, including by adding new ability to repay and consumer privacy provisions, as well as enhanced customer disclosures and a broader extended payment plan that covers all small-dollar loans offered by our members. CFSA member companies also provide their customers with unparalleled transparency; each store prominently displays full and clear loan disclosures, including the cost of a loan expressed in both dollars and as an annual percentage rate.

"Consumers value their access to small-dollar credit, in fact, [more than one million](#) customers submitted comments opposing the CFPB's original small-dollar loan rule – hundreds of thousands of whom sent handwritten letters telling personal stories of how small-dollar loans helped them and their families. Unfortunately, the Bureau ignored these customers when it crafted its original rule.

"We are pleased that the CFPB proposed rescinding part of its 2017 final rule and to delay the compliance date, and we appreciate that the Bureau has recognized some of the critical flaws of the final rule as promulgated during former Director Richard Cordray's tenure. The Bureau seems to have realized what we have long known: that consumers understand the costs and risks associated with short-term loans, make reasoned and informed credit decisions and choose the products that best serve their needs. Unlike its previous rulemaking, the CFPB must appropriately balance consumer protection with access to credit."